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TODAY

Deregulating Small Business on Top
of Agenda for Economic Development Boss

FEBRUARY 1993

The biggest challenge facing Alberta's entrepreneurs these days is an overabundance of controls, says recently appointed Minister of Economic Development and Tourism Don Sparrow.

"I think we're at the stage where the best way to help small business is to look at the regulations and try to simplify and deregulate," maintains the 10-year political veteran, who has held four other portfolios with strong ties to private enterprise.

"It's time to get out of the boardrooms and reduce operating costs by streamlining regulations."

An entrepreneur himself prior to his 1982 election as MLA, Sparrow is well aware of the trials facing business owners.

"I know what it's like on the other side of the fence, to be in business. I've been using these business skills in all of the jobs I've had while in government."

His track record speaks for itself. Over the past decade, he's been a strong advocate of economic diversification, pushing for growth in Alberta's forestry and hospitality industries. As Minister of Tourism, he established a business services unit to help reduce bureaucratic 'red tape' and offer entrepreneurs a one-window approach for pursuing tourism-related

enterprises. He's convinced expediency is the key to fostering business development in Alberta.

"In planning and developing you lose a lot of rights because of certain rules that have to be followed . . . that is inhibiting investment in this province immensely," says Sparrow.

"Government agencies have to be encouraged to make responsible decisions with regard to business. Either 'yes' or 'no', but don't drag it out and tell me to do more studies."

Sparrow says Albertans also have a role to play in economic development by shrugging off the gloom and doom attitudes brought on by the recession and looking ahead towards a brighter future.

"I may lose my job, therefore I should save—that's been the fear. If we all do that, small business throughout our province suffers because nobody's spending any money," he explains.

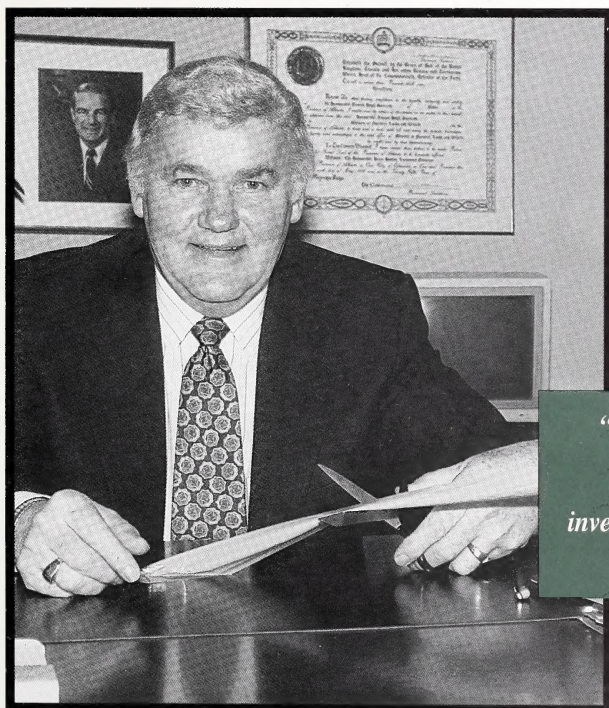
"I think it's an excellent time for anyone to get into business. Alberta has a lot of good investment opportunities that can be done now, but will cost a lot more in the future."

The service sector, which Sparrow says is responsible for 70 per cent of small business in

Alberta, will continue to be a prime growth area for the 90s.

"There's more to be done, there always will be. If you find your niche market, the

expansion and growth will never end. We can do a lot with the core industries we already have."



"I think it's an excellent time for anyone to get into business. Alberta has a lot of good investment opportunities that can be done now, but will cost a lot more in the future."

Don Sparrow: All set to cut the red tape.

Friendship Helps Duo Stitches Together Thriving Embroidery Business

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ome people would say the best way to ruin a relationship is to go into business with a friend.

But not so with Trevor Silbernagel and Mario Guido of Calgary. Their camaraderie has been the driving force behind Trademark Embroidery Inc., a joint

enterprise that has enjoyed incredible growth since its establishment 2½ years ago.

"We go back to Grade 7," says Silbernagel, 24.

"We met in junior high and went to the same high school together, then we worked for my father for awhile before starting Trademark."

He and partner Guido, 25, saw a need for an embroidery supplier during their employment at Silbernagel's father's uniform

Trevor Silbernagel and Mario Guido: From school chums to business partners.

company. In August 1990, AOC approved a loan to help the two buy their first embroidery machine. Two other rounds of financing helped the pair purchase additional computerized equipment and move from a 350 square-foot shop to a 2,150 square-foot location in northeast Calgary.

"We've reached the point where we've got two employees now so we're able to go home at night," notes Silbernagel.

Their hard work was accomplished because of their

friendship — not in spite of it.

"A lot of people say partnerships don't work well, but we can't see that at all," says Guido.

"It's been getting better since we started — we've just gone through with our second expansion. It's all 50-50. You share the ups and downs. That way, when things are bad, they don't seem as bad and when things are good, they're really good."

The company specializes in custom embroidery on everything from uniforms and hats to T-shirts. Because responsibilities are shared by two people, its owners maintain day-to-day operational challenges are that much easier to handle.

"When we first started, we didn't even know how to run the machine. Then there was everything about running a business to learn, too. It really helps to

Mixing Marriage V

Ask entrepreneurs to separate their business and personal lives and they'll tell you it's almost impossible. For Cheryl and Maurice Servant, there is virtually no distinction between the two.

They are partners in every sense of the word. Married for 22 years, the couple has taken on the challenge of business together, running the Parkland Motel in Rimbey since 1987. And they've found both relationships work equally well.

"Our business is with us all the time, but we do have a family life," says Cheryl.

The two live at the 30-unit motel, and their office is open practically around the clock.

"The office closes at 11 p.m. and opens again at 7 a.m.," explains Cheryl.

"It's all 50-50. You share the ups and downs. That way, when things are bad they don't seem as bad and when things are good, they're really good."

"...These days, partnerships of every description are crucial to the success of private enterprise."

Collaboration Key to Winning in Business

When it comes to mottos for business in the 90s, David Heaton just might tell you the best one is: 'innovate or die'.

And the 50-year-old AOC board member says the best innovations come through partnerships. He ought to know. Heaton recently merged his own Edmonton-based engineering firm with another company. The move was necessary to provide added depth in diverse areas. So far, the strategy has paid off for his new firm, BP-Tech Engineering Group.

"Anyone can do a certain job for \$10. You've got to figure out how to do it for 25 cents. You've always got to find the edge and you always have to be innovative," says Heaton.

In the engineering business, that means talking to everyone involved in a project, from the designers to tradesmen, to product users.

"They have a certain expertise," notes Heaton.

"They've probably forgotten more about their special niches than you'll ever know, so you have to form a partnership with them. When you get everyone involved in the solution, a project runs smoothly."

Heaton, an AOC board member for more than four years, says these days, partnerships of every description are crucial to the success of private enterprise.

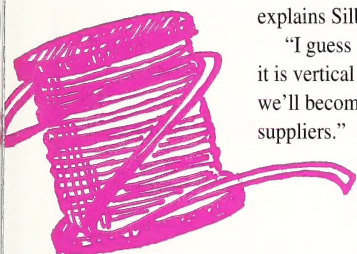
"The old style of doing business which was confrontational doesn't work anymore. We can no longer all go after our own chunk of pie and say, 'to heck with everybody else'. There has to be collaborative effort," he explains.

"You could make the broad statement that everything you do becomes a partnership of sorts. You can never accomplish anything



"It's almost like a whole other business in itself," explains Silbernagel.

"I guess what they call it is vertical integration — we'll become our own suppliers."



With Business the Perfect Recipe for Entrepreneurial Couple

But beyond that, schedules are fairly relaxed, adds Maurice.

"We both work hard around here, but we never keep track of who has worked what hours, or say, 'you owe me two hours off.' It's a fair partnership," he says.

That partnership includes AOC, which helped the two purchase the business five years ago. Together, the couple renovated the motel, and turned it into a financially viable operation which they now plan to sell.

"That's what we like to do," says Cheryl.

"We like to take on projects and turn them into winners."

Maurice credits AOC for letting them have a

shot at turning the motel around.

"It's a partnership, that's for sure. We couldn't have done it without them."

Nor could the Servants have accomplished the feat without each other.

"We always discuss things amongst ourselves. It's a partnership and we're both part of it," stresses Cheryl.

Once they've sold their motel, the couple plans on stepping right into another venture.

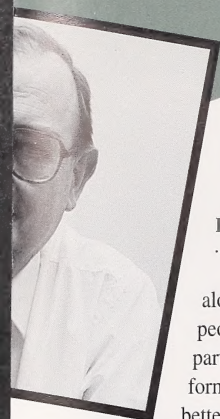
"We always discuss things amongst ourselves. It's a partnership and we're both part of it."

"We owned a hairdressing business once, and we sold mobile homes, so we'll just move onto something else," says Cheryl.

The entrepreneurial duo may change their line of work, but their strategy will remain the same.

"That's the one constant—the partner," notes Cheryl.

"That will never change."



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AOC board member
David Heaton
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alone. And the more people get into partnerships, whether formal or informal, the better. If you can get the right people into a partnership

with you, they become part of the solution.”

Heaton says the concept of alliances even extends to AOC and its dealings with potential clients.

“We sure try to be partners with entrepreneurs, and it happens in many ways. We really want to make their ideas work, but we know that we aren’t doing anyone any favors by providing financing when something isn’t viable.”

Forming a Partnership? Draft an Agreement!

*John T. McCarthy, Q.C.
McManus Anderson Miles*

“Let’s go into business together!” It’s a phrase echoed by thousands of entrepreneurs everywhere, but when it comes right down to it, there’s more to it than mutually rolling up your sleeves and setting up shop.

If you decide to embark on a joint business undertaking, it’s important to be fully aware of the legal implications. Generally, in any situation where there are two or more people carrying on business with a view to profit, it is assumed that a partnership exists. If this is the case, you’re bound by the “rules” of the Partnership Act even if a formal agreement hasn’t been signed — beware!

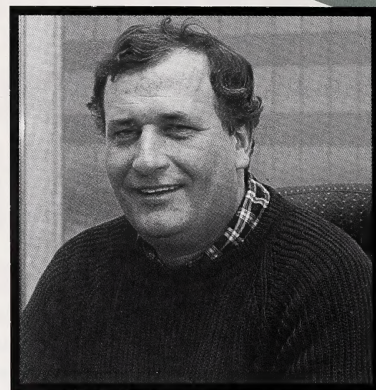
It’s important to bear in mind that, unlike a corporation, liability attaches to the individuals who make up the partnership. As a result, each partner is jointly liable for all business obligations and must equally share the full extent of their personal assets. You’re also responsible for any wrongdoing by a partner acting for your business.

Because of these obligations, many business organizations today prefer to operate as corporate entities since shareholders have no personal liability beyond their individual share capital.

However, it’s all a matter of what you feel suits your enterprise best.

If you’re satisfied that a partnership arrangement is indeed the best way for your business to go, it’s wise to have a comprehensive agreement in place to specifically address its individual needs. Some provisions commonly found in these pacts include a description of your firm, the term of the partnership, contributions to capital, division of profits, accounting matters, banking arrangements, management structure, and retirement provisions. You may also wish to address conditions for dissolving your business, admitting new partners, handling joint property, and insurance matters.

This list by no means covers everything, but demonstrates the importance of moulding your partnership agreement to fit your individual business needs. To ensure that it meets all your requirements, the best advice is to seek advice — before it’s too late!



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John McCarthy
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Maurice and Cheryl Servant:
Working together, for better or for worse
.....

“If you decide to embark on a joint business undertaking, it’s important to be fully aware of the legal implications.”



Call us . . .

AOOC Today was created to meet your information needs. If there's a business issue you want to see addressed, facts you need to know or a story you'd like us to share, call us! We've got an edition of 'The Best of Alberta' for the best suggestion we receive.

We also want to help you in your entrepreneurial endeavours. If you're looking for business partners, seeking an investment opportunity or trying to sell your own operation, call us! We'll make an effort to pass your needs onto our readership.

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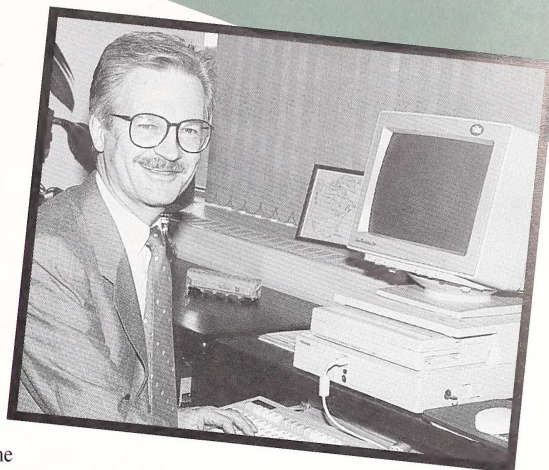
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Richard Cairney



Economy '93: Statistics Suggest Recession May Be Over

Hold your breath! According to Statistics Canada figures, our country's economy may be on the upswing. Here's some indicators provided by Jerry Page who's responsible for operations in the Prairie Region and Northwest Territories:

- Sales of furniture and appliances have risen by seven per cent since May 1992, while demand for other durable goods has been strengthening since June.
- StatsCan's composite leading indicator, which focuses on everything from retail sales to stock prices as a means of assessing the economy's direction, rose .5 per cent in October, up from .4 per cent in each of the previous two months.
- Preliminary estimates indicate that new motor vehicle sales totalled 104,000 units in November, up 3.7 per cent from October.



StatsCan's Jerry Page

- A whopping 57,000 new jobs were created in Canada during December — the highest monthly increase in employment since January 1990. In total, 102,000 jobs were created in the last five months of 1992.
- The recent growth in employment and incomes accompanies a second straight increase in demand for services, after steady drops since December 1991.
- Housing starts in December totalled 178,000 units at a seasonally adjusted annual rate, up from 172,000 units in November.
- Department store sales in December reached \$2.1 billion, up 3.4 per cent from the previous year.
- The strengthening U.S. economy, falling interest rates in December, and solid gains in the leading indicators all augur well for further growth entering the new year.

Welcome Aboard!

We're proud to welcome the following companies to the AOC family:

Appease Solariums, Calgary
Babb's Place, Coalhurst
Benchmark Technologies Ltd., Calgary
Lady Eve Fashions Ltd., Grande Prairie
MGM Donuts Ltd., Edmonton
Modern Body Shop Ltd., Lethbridge
Protech Logging Ltd., Lloydminster
Pro-Tech Seal Manufacturing Inc., Edmonton
R.T. Trucking and Consulting, Peace River
Simards Fashions, Falher
The Carpet Machine, Peace River
Trochu Lucky Dollar, Trochu

What's new?

Does your firm have an exciting new product or service?

AOC Today's 'Innovations' section is dedicated to highlighting unique Alberta companies that are striving to win by taking a fresh approach.

To participate, send us a brief description of your business and what's new. Now's the chance to show us your entrepreneurial spirit!

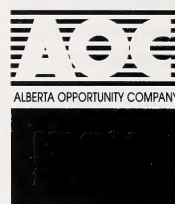
Is money all that's standing between you and your business dreams?

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